

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

ILLINOIS INDEPENDENT TELEPHONE
ASSOCIATION)

Petition for initiation and investigation of)
the necessity of and the establishment of a)
Universal Service Support Fund in accordance)
with Section 13-301(d) of The Public Utilities)
Act.)

Docket No. 00-0233

Cons.)

ILLINOIS COMMERCE COMMISSION)
On Its Own Motion)

Investigation into the necessity of and, if)
appropriate, the establishment of a universal)
service support fund pursuant to Section)
13-301(d) of the Public Utilities Act.)

Docket No. 00-0335

DIRECT TESTIMONY

OF

WILLIAM E. FLESCH

ON BEHALF OF

GRIDLEY TELEPHONE COMPANY

OFFICIAL FILE

April 20, 2001

IL C. C. DOCKET NO. 00-0233/0355
Gridley Telephone Co. Exhibit No. 1
Witness 6/20/01
Date 6/20/01 Reporter Ced

1 **Q. Please state your name and business address.**

2 A. My name is William E. Flesch. My business address is 108 East Third Street, Gridley,
3 Illinois 61744.

4
5 **Q. By whom are you employed and in what capacity.**

6 A. I am employed by Gridley Enterprises, Inc. as General Manager of Gridley Telephone
7 Company, a subsidiary of Gridley Enterprises, Inc.

8
9 **Q. Please outline your educational background and business experience.**

10 A. I graduated from the University of Missouri in 1980 with a Bachelor of Science degree in
11 Business Administration. Upon graduation, I became employed by Contel Corporation
12 and worked there for ten years. My experience at Contel involved accounting, regulatory
13 reporting, budgeting, costing, and access rate development. In 1990, I became employed
14 by Citizens Utilities Company, and served as Budget Manager for their Arizona
15 telephone operations, and later as Regulatory Manager for their combined
16 California/Arizona telephone operations. In 1992 I was hired by GVNW
17 Inc./Management, and served that organization for six years in the positions of
18 Management Consultant and Senior Consultant. I had direct or supervisory responsibility
19 for over thirty clients providing telecommunications services in four states, the majority
20 of which were in Illinois. I assisted clients with projects encompassing cost studies,
21 regulatory compliance and reporting, business and strategic plan development, and tariff
22 filings. In 1998 I accepted the position of Manager - Regulatory and Accounting with
23 Gridley Enterprises, Inc., a communications holding company and parent company of
24 Gridley Telephone Co. In 1999 I was promoted to Assistant General Manager, and in
25 2000 I was promoted to my current position of General Manager. I currently have
26 responsibility for virtually all day-to-day activities of Gridley Telephone Company.

1 These responsibilities include but are not limited to plant operations, technology
2 deployment, customer service, regulatory compliance, planning and accounting.

3
4 **Q. Have you previously presented testimony before regulatory commissions?**

5 A. Yes. In 1998 I presented testimony before the Illinois Commerce Commission in Docket
6 No. 97-0601 on behalf of the Illinois Independent Telephone Association.

7
8 **Q. What is the purpose of your testimony?**

9 A. The purpose of my testimony is to present the results of an earnings analysis for Gridley
10 Telephone Company. This analysis is being presented to determine whether the
11 Company qualifies for state Universal Service support based on its rate of return.

12
13 **Q. Does your testimony include any exhibits, and were these prepared by you or under
14 your direction?**

15 A. Yes, my testimony includes Gridley Telephone Company Exhibit 1, Schedule 1.01 and
16 Gridley Telephone Company Exhibit 2, Schedules 2.01 and 2.02, which were prepared
17 under my direction.

18
19 **Q. What is the source of the amounts used in the Company's earnings analysis?**

20 A. Gridley Telephone Company Exhibit 1, Schedule 1.01, Page 1 of 3 attached to my
21 testimony shows the results of the Company's earnings analysis. The amounts used in
22 the earnings analysis were obtained from the Company's trial balance for calendar year
23 ended December 31, 2000, except for materials and supplies, line 2, which represents a
24 13-month average. The calculation of this 13-month average is shown in Gridley
25 Telephone Company Exhibit 1, Schedule 1.01, page 2 of 3 attached to my testimony. The
26 source of the amounts used in the calculation is company records. The Company has

1 provided a copy of the trial balance to Commission Staff in support of Gridley Telephone
2 Company Exhibit 1.

3
4 **Q. Please summarize the results of the Company's earnings analysis shown on Gridley
5 Telephone Company Exhibit 1, Schedule 1.01, Page 1 of 3.**

6 A. This analysis shows that the Company has a return on rate base, or rate of return (ROR)
7 of a negative 3.93 percent. This is shown on Line 23. This corresponds to a ROR
8 Funding Deficiency Including Income Taxes in the amount of \$622,955. This amount is
9 shown on Line 28. This means that the Company has a need for net state universal
10 service support in the amount of \$622,955.

11
12 **Q. Does your calculation of need based on the company's rate of return include
13 adjustments?**

14 A. Yes.

15
16 **Q. Are these standard adjustments as discussed in the Supplemental Direct Testimony
17 of Robert C. Schoonmaker.**

18 A. Yes, they are.

19
20 **Q. Please describe the adjustments you have made.**

21 A. I have made four adjustments to the results. I adjusted operating revenues by subtracting
22 the combined amount of IUSF and DEM fund support received by the company. This
23 adjustment is discussed on page 7 of Mr. Schoonmaker's Supplemental Direct
24 Testimony. Secondly, I adjusted net regulated plant on line 1 for the amount the
25 company has invested in RTB Class B stock. This adjustment is listed as Adjustment #1
26 - RTB Stock in IITA Exhibit #3, Attachment 3 of Mr. Shoonmaker's Supplemental
27 Direct Testimony. Thirdly, I adjusted total operating revenues on line 14 for the state

1 access rate changes that will occur July 3, 2001 due to the state mandated mirroring of
2 interstate access rates. This adjustment is listed as Adjustment #2 – Normalization for
3 Approved Regulatory Changes in IITA Exhibit #3, Attachment #3 of Mr. Schoonmaker's
4 Supplemental Direct Testimony. And lastly, I adjusted total operating revenues for
5 Federal funding changes associated with Federal High Cost Loop Fund (HCLF) support
6 received by the company. This adjustment is listed as Adjustment #5 – Federal Funding
7 in IITA Exhibit #3, Attachment #3 of Mr. Schoonmaker's Supplemental Direct
8 Testimony.

9
10 **Q. You are not making adjustments that would be consistent with Adjustment # 3 –**
11 **Out-of-Period Adjustments or Adjustment #4 – Significant or Extraordinary Plant**
12 **Investment Changes as described in Mr. Schoonmaker's Supplemental Direct**
13 **Testimony. Why not?**

14 A. I am not aware of any out-of-period adjustments for Gridley Telephone Co. that would be
15 appropriate to include in this analysis of state universal service requirements. Also, I do
16 not expect any significant plant investment changes that are known and measurable at
17 this time.

18
19 **Q. Why are total operating revenues on line 14 reduced by an amount for the IUSF and**
20 **DEM Fund on line 15?**

21 A. The \$586,344 amount on line 15 is the total support that Gridley Telephone Company
22 received from the Illinois High Cost Fund and the DEM Fund in 2000. Since these funds
23 will expire on September 30, 2001 which is prior to the implementation of the proposed
24 new state universal service plan, the amounts the Company receives from these funds
25 must be subtracted from total operating revenues in order to accurately reflect the
26 company's earnings level subject to support.

1 **Q. Please explain the adjustment in the amount of \$29,843 that you have made to**
2 **increase net regulated plant on line 1 of the earnings analysis.**

3 **A.** The purpose of this adjustment is to include the Company's investment in RTB Class B
4 stock in rate base. RTB Class B stock is an appropriate item for inclusion in a
5 Company's rate base for jurisdictional ratemaking and is consistent with the standard
6 Adjustment #1 – RTB Stock. The source of this amount is the Company's trial balance.
7

8 **Q Please explain the adjustment in the amount of \$329,839 that you have made to**
9 **reduce total operating revenues on line 14 of the earnings analysis.**

10 **A.** This amount is the combined result of two adjustments. One adjustment is for the
11 company's access rate change which decreases operating revenue by \$360,520. The
12 other adjustment is for the company's change in 2001 Federal High Cost Loop Fund
13 support which increases operating revenue by \$30,681. The two adjustments net to a
14 \$329,839 reduction in operating revenue.
15

16 **Q. Please explain the revenue reduction adjustment of \$360,520 included in the net**
17 **amount of \$329,839 on line 14 of the earnings analysis.**
18

19 **A.** The purpose of this adjustment is to reflect the result of the company's July 3, 2001 state
20 access filing on company revenues. Effective July 3, 2001, the Company will file revised
21 interstate access rates with the FCC. Current state access rules require that the Company
22 mirror its interstate rates and rate structures, subject to certain ICC defined differences for
23 carrier common line and local switching rates, in the intrastate jurisdiction. The company
24 will file intrastate access rates with the ICC to mirror the revised interstate access rates
25 with an effective date of July 3, 2001. The impact on the Company of the state filing will
26 be a reduction in state access revenues of \$360,520 on an annual basis. This adjustment

1 is consistent with the standard Adjustment #2 -- Normalization for Approved Regulatory
2 Changes.

3
4 **Q. When will this reduction in access revenues actually impact the Company?**

5 **A.** The access rate reduction will begin to reduce the Company's intrastate access revenues
6 immediately upon filing on July 3, 2001. Since this reduction occurs prior to the
7 implementation of the proposed new state universal service plan, the amount of this
8 reduction must be subtracted from total operating revenues in order to accurately reflect
9 the company's earnings level subject to support.

10
11 **Q. How long will the access rates filed effective July 3, 2001 continue to impact the**
12 **Company's revenues?**

13 **A.** These rates will be effective until July 1, 2003 under current access charge rules.
14

15 **Q. Please explain in detail how the \$360,520 adjustment to intrastate access revenues**
16 **was calculated.**

17 **A.** Gridley Telephone Company Exhibit 2, Schedule 2.01 attached to my testimony shows
18 how I arrived at this adjustment. Column 1 of this exhibit shows all of Gridley
19 Telephone Company's intrastate switched and special access rate elements. Column 2
20 shows the FCC Part 32 accounts that contain the booked revenues from these access
21 elements. Column 3 shows the Company's currently effective access rates that have been
22 in effect since 1999. Column 4 shows the Company's revised access rates that will be
23 filed effective July 3, 2001 as mentioned above. Column 5 shows the difference between
24 the revised access rates and the current access rates. Column 6 shows the demand for
25 switched and special access. Column 7 shows the difference between access revenues
26 based on current rates and access revenues based on the revised access rates.
27

1 **Q. What is the source of the access rates in Column 5 of Gridley Telephone Company**
2 **Exhibit 2, Schedule 2.01?**

3 A. As I mentioned previously, the Company will make an intrastate access filing with the
4 ICC effective July 3, 2001. This will be prior to the entry of the Commission's order in
5 the instant proceeding. Gridley Telephone Company Exhibit 2, Schedule 2.02, Pages 1
6 through 7 shows the actual intrastate revised tariff pages that will be filed with the ICC.
7 The access rates on these tariff pages are the rates that are shown in Column 5 of Gridley
8 Telephone Company Exhibit 2, Schedule 2.01.

9
10 **Q. What is the source of the access demand in Column 6 of Gridley Telephone**
11 **Company Exhibit 2, Schedule 2.01?**

12 A. The access minutes-of-use (MOU) demand for the intrastate access elements on Lines 1
13 through 4 reflects the latest twelve months of data, April 2000 through March 2001. The
14 circuit quantities for special access reflect the average of the actual counts for the
15 beginning and ending of the latest twelve-month period, April 2000 through March 2001.

16
17 **Q. Please explain the revenue increase of \$30,681 included in the net amount of**
18 **\$329,839 on line 14 of the earnings analysis.**

19 A. The purpose of this adjustment is to reflect the increase in 2001 revenues due to the
20 increase in Federal High Cost Loop Fund Support. In 2000, we received \$27,459 in
21 HCLF support. In 2001, we are receiving support at an annual level of \$58,140. The
22 difference is \$30,681. As stated earlier, this adjustment is consistent with the standard
23 Adjustment #5 – Federal Funding in IITA Exhibit #3, Attachment 3 in the Supplemental
24 Direct Testimony of Robert C. Schoomaker.

1 **Q.** Are you aware of any other known and measurable changes to the Company's
2 actual calendar year 2000 results that should be made to accurately reflect the
3 Company's state universal service needs based on this rate of return analysis?

4 **A.** No, I am not.
5

6 **Q.** Please summarize your testimony.

7 **A.** The earnings analysis for Gridley Telephone Company shows a ROR Funding Deficiency
8 of \$622,955. Therefore, based on this earnings analysis, Gridley Telephone Company
9 should receive annual state universal service support in the amount of \$622,955.
10

11 **Q.** Does this conclude your direct testimony?

12 **A.** Yes, it does.
13

Gridley Telephone Company
Illinois Universal Service Funding Calculation
Based upon ICC Form 23A Report Data for December 31, 2000

<u>line</u>	<u>Description</u>	<u>Source</u>	<u>Amount</u>	<u>Adjustment</u>	<u>Adjusted Amount</u>
1	Net Regulated Plant	Form 23A, P 8, Net Plant	\$ 2,240,891	\$ 29,843	\$ 2,270,734
2	Materials and Supplies Inventory	Page 2, 13-Month Average	56,712		56,712
3	Customer Deposits	Form 23A, P 8, 4040	1,357	-	1,357
4	ADIT - Regulated Plant	Form 23A, P 8, 4100 + 4340	-	-	-
5	Rate Base before Working Capital	line 1 + line 2 - line 3 - line 4			2,326,089
6	Working Capital Requirement				
7	Total Operating Expenses	Form 23A, P 14, Total	2,160,506	-	2,160,506
8	Less: Depreciation Expense	Form 23A, P 13, 6560	601,265	-	601,265
9	Total WC Operating Expense	line 7 - line 8	1,559,241	-	1,559,241
10	WC OE Requirement	line 9 * 45 / 360			194,905
11	Commission-Ordered Cash Balance Requirement		-	-	-
12	Total Working Capital Requirement	line 10 + line 11			194,905
13	Total Rate Base	line 5 + line 12			2,520,994
14	Total Operating Revenues	Form 23A, P 11, Total	2,926,532	(329,839)	2,596,693
15	Less: Illinois High Cost Fund		586,344	-	586,344
16	Net Operating Revenues	line 14 - line 15	2,340,188	(329,839)	2,010,349
17	Total Operating Expenses	Form 23A, P 14, Total	2,160,506	-	2,160,506
18	Other Operating Inc and Exp - Net	Form 23A, P 15, 7100	-	-	-
19	Other Operating Taxes	Form 23A, P 15, 7240	11,472	-	11,472
20	Net Op Inc before Income Taxes	line 16 - lines 17, 18, & 19	168,210	(329,839)	(161,629)
21	Income Tax Expense	line 34			(62,613)
22	Net Operating Income	line 20 - line 21			(99,016)
23	Return on Rate Base	line 22 / line 13			-3.93%
24	After-tax Cost of Capital				11.21%
25	Target Net Operating Income	line 24 * line 13			282,603
26	Adj to Achieve Target Return on RB	line 25 - line 22			381,619
27	Gross Revenue Conversion Factor	line 35			1.6324
28	ROR Funding Deficiency Including Inc Taxes	line 26 * line 27			622,955
29	Calculation of Income Tax Expense				
30	Net Op Inc before Inc Taxes	line 20			(161,629)
31	Illinois Inc & Rep Tax Expense	line 30 * 7.18%			(11,605)
32	Net Op Inc before Fed Inc Tax	line 30 - line 31			(150,024)
33	Federal Income Tax Expense	line 32 * 34.00%			(51,008)
34	Total Imputed Income Tax Expense	line 31 + line 33			(62,613)
35	Gross Revenue Conversion Factor	1 / ((1 - .0718) * (1 - .34))			1.6324

Gridley Telephone Company

Illinois Universal Service Funding Calculation

Based upon ICC Form 23A Report Data for December 31, 2000

Material & Supplies Worksheet and Other Information

Line #

1	December-99	\$43,392
2	January-00	\$43,392
3	February-00	\$46,189
4	March-00	\$46,189
5	April-00	\$47,032
6	May-00	\$53,924
7	June-00	\$53,753
8	July-00	\$68,996
9	August-00	\$69,798
10	September-00	\$76,756
11	October-00	\$73,007
12	November-00	\$77,881
13	December-00	\$36,944
14	13 Month Average	\$56,712

Sale/Lease Back Arrangement

☒

The company does not have any sale(s)/lease back arrangement.

☐

The company does have sale(s)/lease back arrangement and has provided additional information to staff.

Lease Agreement with Affiliates

☒

The company does not have any lease agreements with affiliates.

☐

The company does have lease agreements with affiliates and has provided additional information to staff.

Trial Balances

The Company has provided a copy of its 12/31/2000 trial balance in support of the attached exhibits.

Gridley Telephone Company
Illinois Universal Service Funding Calculation
Based upon ICC Form 23A Report Data for December 31, 2000
Operating Revenues By Category

<u>Line #</u>		<u>Source</u>	<u>Amount</u>
		Form 23A, P 10, Total Local	
1	Local Revenues	Network Service Revenues	\$ 213,125
2	State Subscriber Line Charges	Trial Balance 12/31/00	\$ 194,928
3	State Access Revenues	Trial Balance 12/31/00	\$ 271,958
4	State High Cost Support	Exhibit X, Line 15	\$ 586,344
5	State Special Access Revenues	Trial Balance 12/31/00	\$ 386,173
6	Total State Access & Local Revenues	Sum (Ln 1 - 5)	\$ 1,652,528
7	Federal Subscriber Lines Charges	Trial Balance 12/31/00	\$ 74,177
8	Federal Access Revenues	Trial Balance 12/31/00	\$ 418,556
9	Federal High Cost Support	Trial Balance 12/31/00	\$ 409,037
10	Federal Special Access Revenues	Trial Balance 12/31/00	\$ 277,421
11	Total Federal Access Revenues	Sum (Ln 7 - 10)	\$ 1,179,191
12	Misc Revenues	Trial Balance 12/31/00	\$ 94,813
13	Total Operating Revenues	Ln 6 + Ln 11 + Ln 12	<u>\$ 2,926,532</u>

Docket Nos. 00-0233 & 00-0035 (Consolidated)
Gridley Telephone Company Exhibit 2
Schedule 2.01

GRIDLEY TELEPHONE COMPANY Access Revenue Comparison		Part 32 Account Number(s)	Access Rates Effective 7/1/99	Access Rates Effective 7/3/01	Access Rate Difference	Access Demand	Access Revenues Difference
Line #	(Column 1)	(Column 2)	(Column 3)	(Column 4)	(Column 5)	(Column 6)	(Column 7)
	Intrastate Switched Access:						
1	Local Switching	5084-200 + 5084-400	\$0.01880	\$0.01644	(\$0.00236)	6,418,656	(\$15,148)
2	Information	5084-220 + 5084-420	\$0.04959	\$0.03144	(\$0.01815)	64,187	(\$1,165)
3	Tandem Switched Transport	5084-210 + 5084-410	\$0.00249	\$0.00114	(\$0.00135)	1,219,880	(\$1,647)
4	Residual Interconnection Charge	5084-225 + 5084-425	\$0.01701	\$0.01184	(\$0.00517)	6,418,656	(\$33,184)
	Direct Trunk Transport:						
5	Voice Grade Termination		\$53.12	\$31.56	(\$21.56)	226.56	(\$4,885)
6	Voice Grade Facility		\$1.90	\$0.62	(\$1.28)	1,635.76	(\$2,094)
7	DS1 Termination		\$199.66	\$100.78	(\$98.88)	28.32	(\$2,800)
8	DS1 Facility		\$14.55	\$4.02	(\$10.53)	204.47	(\$2,153)
9	Total Direct Trunk Transport	5084-215					(\$11,932)
10	Total Intrastate Switched Access						(\$63,076)
	Intrastate Special Access:						
	Voice Grade:						
11	Channel Termination - 2-wire		\$46.23	\$18.37	(\$27.86)	54	(\$1,504)
12	Channel Termination - 4-wire		\$73.97	\$29.39	(\$44.58)	12	(\$535)
13	Channel Mileage Facility		\$1.90	\$0.62	(\$1.28)	476.52	(\$610)
14	Channel Mileage Termination		\$53.12	\$31.56	(\$21.56)	66	(\$1,423)
	Digital Data 2.4 - 19.2:						
15	Channel Termination		\$85.31	\$33.90	(\$51.41)	0	\$0
16	Channel Mileage Facility		\$1.51	\$0.59	(\$0.92)	0	\$0
17	Channel Mileage Termination		\$42.09	\$29.98	(\$12.11)	0	\$0
	Digital Data 56k and 64 k:						
18	Channel Termination		\$85.31	\$33.90	(\$51.41)	6	(\$308)
19	Channel Mileage Facility		\$3.01	\$0.83	(\$2.18)	43.32	(\$94)
20	Channel Mileage Termination		\$84.18	\$42.49	(\$41.69)	6	(\$250)
	High Capacity DS1:						
21	Channel Termination		\$232.95	\$78.67	(\$154.28)	54	(\$8,331)
22	Channel Mileage Facility		\$14.55	\$4.02	(\$10.53)	389.88	(\$4,105)
23	Channel Mileage Termination		\$199.66	\$100.78	(\$98.88)	54	(\$5,340)
	High Capacity DS3:						
24	Channel Termination		\$2,702.32	\$912.57	(\$1,789.75)	96	(\$171,816)
25	Channel Mileage Facility		\$100.17	\$27.66	(\$72.51)	693.12	(\$50,258)
26	Channel Mileage Termination		\$1,111.99	\$561.28	(\$550.71)	96	(\$52,868)
27	Total Intrastate Special Access	5084-300 + 5084-500					(\$297,444)
28	Total Intrastate Access Revenues						(\$360,520)

GRIDLEY TELEPHONE CO.

TARIFF ILL. C.C. NO. 10
1ST REVISED PAGE 42
CANCELS ORIGINAL PAGE 42

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.2 Local Transport

Rate

Gridley
F.C.C. No.1
Section
Reference

Premium Access

(A) Reserved For Future Use

(B) Direct Trunked Transport

6.1.3(A)(2)

Direct Trunked Facility

Per Mile

Voice Grade

\$ 0.62 R

High Capacity DS1

\$ 4.02 R

Direct Trunked Termination

Per Termination

Voice Grade

\$ 31.56 R

High Capacity DS1

\$ 100.78 R

(C) Multiplexing

6.1.3(A)(5)

Per Arrangement

DS3 to DS1

\$ 474.31

(D) Reserved For Future Use

(E) Reserved For Future Use

(F) Reserved For Future Use

ISSUED: July 2, 2001

Eric G. Kaufman
President
108 East Third Street
Gridley, Illinois 61744

EFFECTIVE: July 3, 2001

GRIDLEY TELEPHONE CO.

TARIFF ILL. C.C. NO. 10
1ST REVISED PAGE 43
CANCELS ORIGINAL PAGE 43

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.2 Local Transport (Cont'd)

Rate

Gridley
F.C.C. No.1
Section
Reference

Premium Access (Cont'd)

(G) Tandem Switched Transport

6.1.3 (A) (3)

Tandem Transport

Per Access Minute

\$0.00114 R

(H) Transport Interconnection Charge

6.1.3 (A) (4)

Per Access Minute

\$0.01184 R

(I) Reserved For Future Use

(J) Reserved For Future Use

(K) 800 Data Base Access Service

6.10.3

Per Query

Basic

\$0.00540

Vertical Feature

\$0.00540

ISSUED: July 2, 2001

Eric G. Kaufman
President
108 East Third Street
Gridley, Illinois 61744

EFFECTIVE: July 3, 2001

GRIDLEY TELEPHONE CO.

TARIFF ILL. C.C. NO. 10
1ST REVISED PAGE 44
CANCELS ORIGINAL PAGE 44

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.3 End Office

Rate

Gridley
F.C.C. No.1
Section
Reference

(A) Local Switching

6.1.3(B) (1)

Premium

Per Access Minute

\$0.01644 R

(B) Information Surcharge

6.1.3(B) (2)

Premium

Per 100 Access Minutes

\$0.03144 R

ISSUED: July 2, 2001

Eric G. Kaufman
President
108 East Third Street
Gridley, Illinois 61744

EFFECTIVE: July 3, 2001

GRIDLEY TELEPHONE CO.

TARIFF ILL. C.C. NO. 10
1ST REVISED PAGE 47
CANCELS ORIGINAL PAGE 47

17. Rates and Charges (Cont'd)

17.3 Special Access Service (Cont'd)

17.3.2 Metallic Service

Regulations concerning Metallic Service are set forth in Section 7.4 of the Gridley Telephone Company Access Service Tariff F.C.C. No. 1.

	<u>Monthly Rate</u>	<u>Nonrecurring Charge</u>
(A) <u>Channel Termination</u>		
Per Termination	\$ 18.37 R	\$ 74.68
(B) <u>Channel Mileage</u>		
(1) <u>Channel Mileage Facility</u>		
Per Mile	\$ 0.62 R	
(2) <u>Channel Mileage Termination</u>		
Per Termination	\$ 31.56 R	

ISSUED: July 2, 2001

Eric G. Kaufman
President
108 East Third Street
Gridley, Illinois 61744

EFFECTIVE: July 3, 2001

GRIDLEY TELEPHONE CO.

TARIFF ILL. C.C. NO. 10
1ST REVISED PAGE 49
CANCELS ORIGINAL PAGE 49

17. Rates and Charges (Cont'd)

17.3 Special Access Service (Cont'd)

17.3.4 Voice Grade Service

Regulations concerning Voice Grade Services are set forth in
Section 7.6 of the Gridley Telephone Company Access Service Tariff
F.C.C. No. 1.

	<u>Monthly Rate</u>	<u>Nonrecurring Charge</u>
(A) <u>Channel Termination</u>		
Per Termination		
Two-Wire	\$ 18.37 R	\$ 74.68
Four-Wire	\$ 29.39 R	\$ 74.68
(B) <u>Channel Mileage</u>		
(1) <u>Channel Mileage Facility</u>		
Per Mile	\$ 0.62 R	
(2) <u>Channel Mileage Termination</u>		
Per Termination	\$ 31.56 R	

ISSUED: July 2, 2001

Eric G. Kaufman
President
108 East Third Street
Gridley, Illinois 61744

EFFECTIVE: July 3, 2001

GRIDLEY TELEPHONE CO.

TARIFF ILL. C.C. NO. 10
1ST REVISED PAGE 52
CANCELS ORIGINAL PAGE 52

17. Rates and Charges (Cont'd)

17.3 Special Access Service (Cont'd)

17.3.7 Digital Data Service

Regulations concerning Digital Data Service are set forth in Section 7.9 of the Gridley Telephone Company Access Service Tariff F.C.C. No. 1.

	<u>Monthly Rate</u>	<u>Nonrecurring Charge</u>
(A) <u>Channel Termination</u>		
Per Termination		
2.4 kbps	\$ 33.90 R	\$ 175.00
4.8 kbps	\$ 33.90 R	\$ 175.00
9.6 kbps	\$ 33.90 R	\$ 175.00
19.2 kbps	\$ 33.90 R	\$ 175.00
56.0 kbps	\$ 33.90 R	\$ 175.00
64.0 kbps	\$ 33.90 R	\$ 175.00
(B) <u>Channel Mileage</u>		
(1) <u>Channel Mileage Facility</u>		
Per Mile		
2.4 kbps	\$ 0.59 R	
4.8 kbps	\$ 0.59 R	
9.6 kbps	\$ 0.59 R	
19.2 kbps	\$ 0.59 R	
56.0 kbps	\$ 0.83 R	
64.0 kbps	\$ 0.83 R	
(2) <u>Channel Mileage Termination</u>		
Per Termination		
2.4 kbps	\$ 29.98 R	
4.8 kbps	\$ 29.98 R	
9.6 kbps	\$ 29.98 R	
19.2 kbps	\$ 29.98 R	
56.0 kbps	\$ 42.49 R	
64.0 kbps	\$ 42.49 R	

ISSUED: July 2, 2001

Eric G. Kaufman
President
108 East Third Street
Gridley, Illinois 61744

EFFECTIVE: July 3, 2001

GRIDLEY TELEPHONE CO.

TARIFF ILL. C.C. NO. 10
1ST REVISED PAGE 53
CANCELS ORIGINAL PAGE 53

17. Rates and Charges (Cont'd)

17.3 Special Access Service (Cont'd)

17.3.8 High Capacity Service

Regulations concerning High Capacity Service are set forth in Section 7.10 of the Gridley Telephone Company Access Service Tariff F.C.C. No. 1.

	<u>Monthly Rate</u>	<u>Nonrecurring Charge</u>
(A) <u>Channel Termination</u>		
Per Termination		
128 Kbps	\$ 44.30 R	\$ 225.00
256 Kbps	\$ 54.69 R	\$ 225.00
384 Kbps	\$ 65.08 R	\$ 225.00
512 Kbps	\$ 75.47 R	\$ 225.00
1.544 Mbps	\$ 78.67 R	\$ 225.00
44.736 Mbps	\$ 912.57 R	\$2,500.00
(B) <u>Channel Mileage</u>		
(1) <u>Channel Mileage Facility</u>		
Per Mile		
128 Kbps	\$ 1.60 R	
256 Kbps	\$ 2.29 R	
384 Kbps	\$ 2.99 R	
512 Kbps	\$ 3.68 R	
1.544 Mbps	\$ 4.02 R	
44.736 Mbps	\$ 27.66 R	
(2) <u>Channel Mileage Termination</u>		
Per Termination		
128 Kbps	\$ 59.11 R	
256 Kbps	\$ 71.83 R	
384 Kbps	\$ 84.56 R	
512 Kbps	\$ 97.29 R	
1.544 Mbps	\$ 100.78 R	
44.736 Mbps	\$ 561.28 R	

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